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October 24, 1994

EX PARTE OR LATE FILED

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: Ex Parte Contact in Docket Nos. 94-1 and 93-292

Dear Mr. Caton:

This is to inform you that Scoop Saironen, Vice President-Regulatory of TCA, and I met with Rudy Baca and Pete Belvin of Commissioner Quello's staff. We discussed matters contained in the attached handouts.

Very truly yours,

Jeffrey S. Linder/rw

Jeffrey S. Linder

JSL:rw

Tele-Communications Association

FCC POLICIES CAN REDUCE TOLL FRAUD

Fundamental Realities

- Toll fraud is roughly a $5 billion dollar annual problem -- and is continuing to increase
- Users are poorly situated to identify and control fraud on a network-wide basis -- but are held solely responsible for fraudulent charges
- The marketplace is not working to minimize fraud -- users do what they can, but carriers have little incentive to help
- Insurance is not the answer -- policies have high deductibles and huge coverage gaps

Breaking the "Fraud Chain"

- *LECs* should be required to provide international call blocking to all business customers; federally tariff Originating Line Screening and Billed Number Screening; and preserve the use of "1" as a toll indicator
- *IXCs* should be required to make real-time monitoring universally available as an inherent part of fraud-susceptible services and to provide explicit warnings of the fraud risks associated with particular services
- *Manufacturers* should be required to provide warnings and to advise customers what features may be utilized to minimize fraud, and should be given incentives to incorporate deterrents to fraud and to increase the security of the remote access maintenance port.

- *Customers* should be insulated from liability if they take appropriate steps to limit exposure to fraud, including maintaining accurate lists of all employees and addresses getting remote maintenance and DISA authority; controlling the transfer of codes; providing timely notification to the carrier to disable a code when the customer believes it is compromised; following the carrier's and manufacturer's recommendations regarding code length, frequency of changing codes, and use of silent prompts; including these obligations in any PBX maintenance contract; and cooperating with the carrier to investigate and prosecute instances of unauthorized usage.

Rationalizing Liability

- Customers should not be held liable for unauthorized usage charges where they have discharged the above obligations and the fraud was not perpetrated or assisted by an employee

- Where fraud is assisted by an employee, the user's liability should cease fifteen minutes after it notifies the carrier to disable the code.

- Where a customer may legitimately be held liable for unauthorized usage, it should pay only the carrier's out-of-pocket costs -- not profits.

- Manufacturers should be held liable for fraud perpetrated through the remote access maintenance port of a PBX

Tele-Communications Association

FCC POLICIES CAN PROTECT SERVICE QUALITY

Background

- The FCC's service quality monitoring program has improved markedly since 1990 -- particularly by recognizing the benefits of "benchmarking"
- TCA's Service Quality Survey shows overall satisfaction with service quality, but also reveals certain danger signs:
  - increases in held orders
  - decreased expertise of service personnel
  - inadequate response to trouble reports and outages
  - significant disparities in service levels and availability between urban and rural areas
- Continued attention to service quality is needed because of LEC layoffs -- at least 35,000 since 1990, with 63,000 more announced by 1997

Service Quality Monitoring Should Be Enhanced in Two Respects

- Geographic differences
  - 41 percent of U S West respondents and 25 percent of Pacific Bell respondents cited major disparities between urban and rural areas -- disparities that are masked by the current level of aggregation
  - The uneven development of competition likely will increase disparities between urban and rural areas

- LECs should provide exception reporting of wire centers that fall within the lowest ten percent in actual performance in any key parameter for three consecutive quarters

- LECs should report any MSA or non-MSA that is in the lowest quartile in deployment of key NII-related technologies (as supported by Pacific Bell), and if any area is listed for four consecutive quarters, the LEC should disclose its plans for deploying more modern technology.

- Data transmission quality

  - Data accounts for 14 percent of all traffic and is growing rapidly

  - High quality data transmission is important for all users -- not just big business

  - High quality data transmission is essential for many NII-related applications, including digital libraries, telemedicine, and electronic document interchange

  - Non-intrusive means exist for measuring availability, errored seconds, and severely errored seconds

Service Quality Monitoring Is Critical During the Transition to Competition

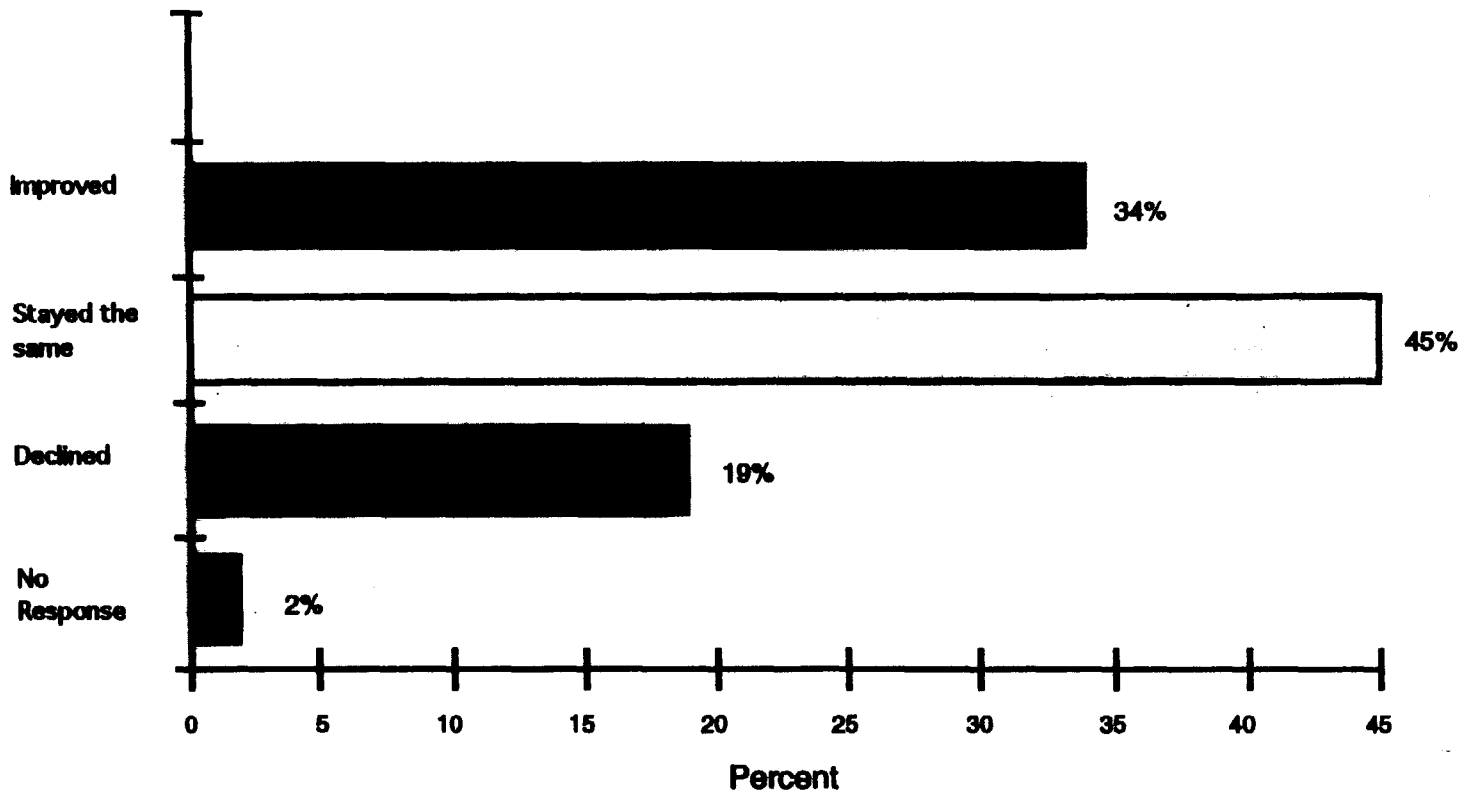
- As noted above, the uneven development of competition will exacerbate existing disparities

- Competition will spur additional lay-offs and cost-cutting

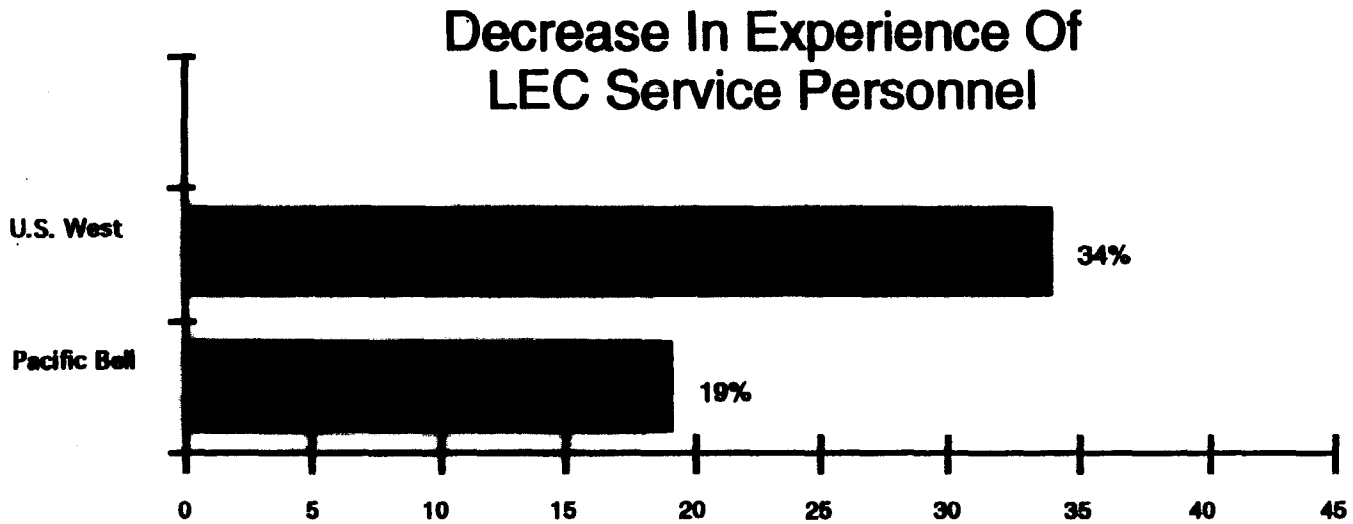
- Availability of comparative information on performance enhances the benefits of competition

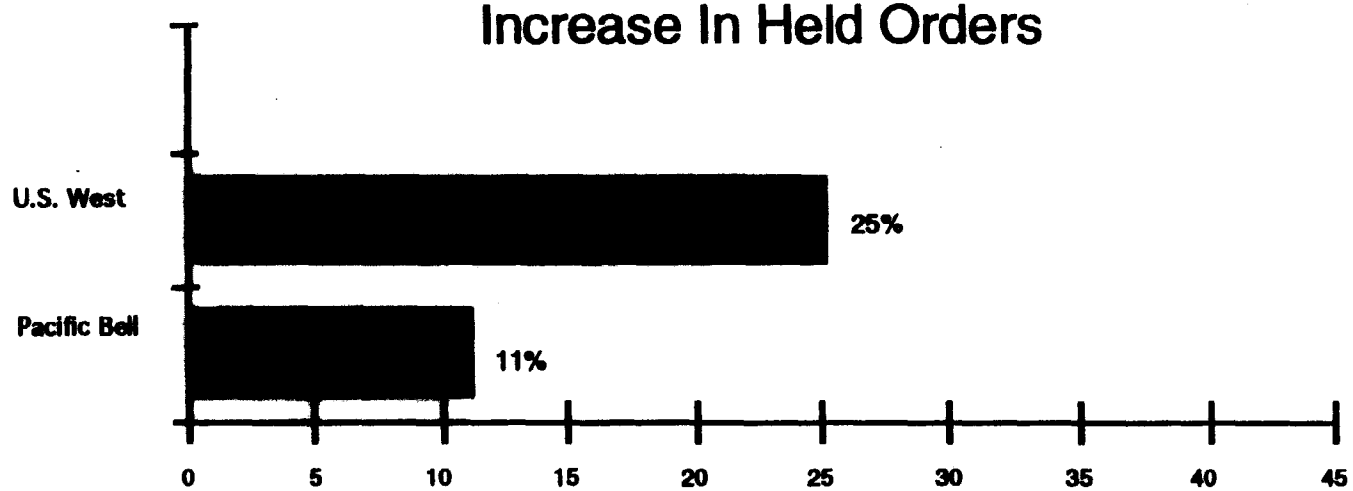
KEY FINDINGS FROM TCA SERVICE QUALITY SURVEY
(144 QUALIFIED RESPONDENTS)

Overall Service Quality (1994 vs. 1990)



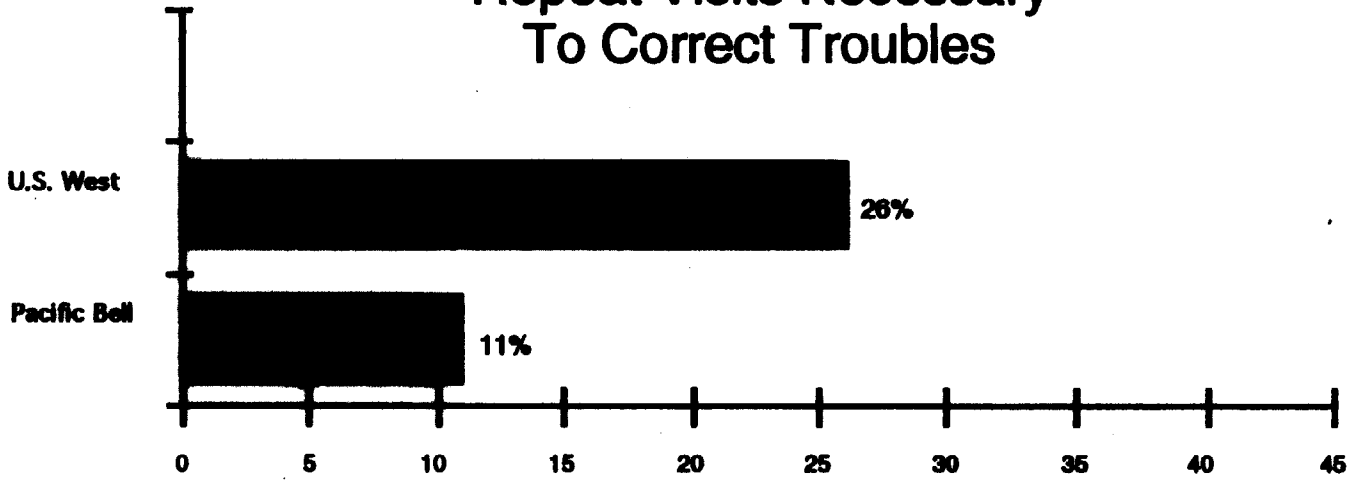
DANGER SIGNALS



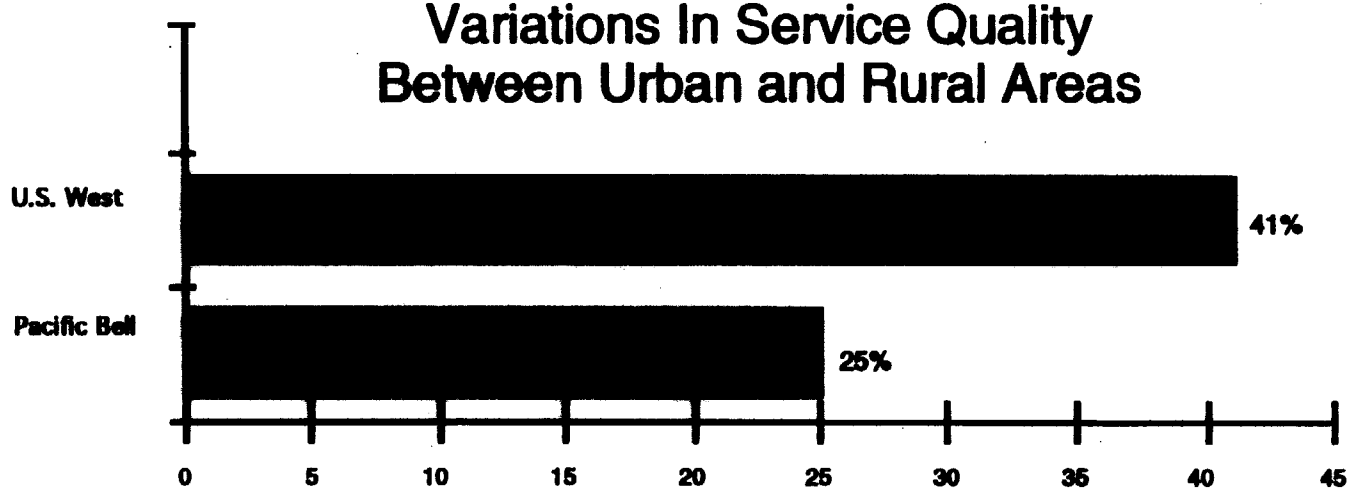


DANGER SIGNALS

Repeat Visits Necessary To Correct Troubles



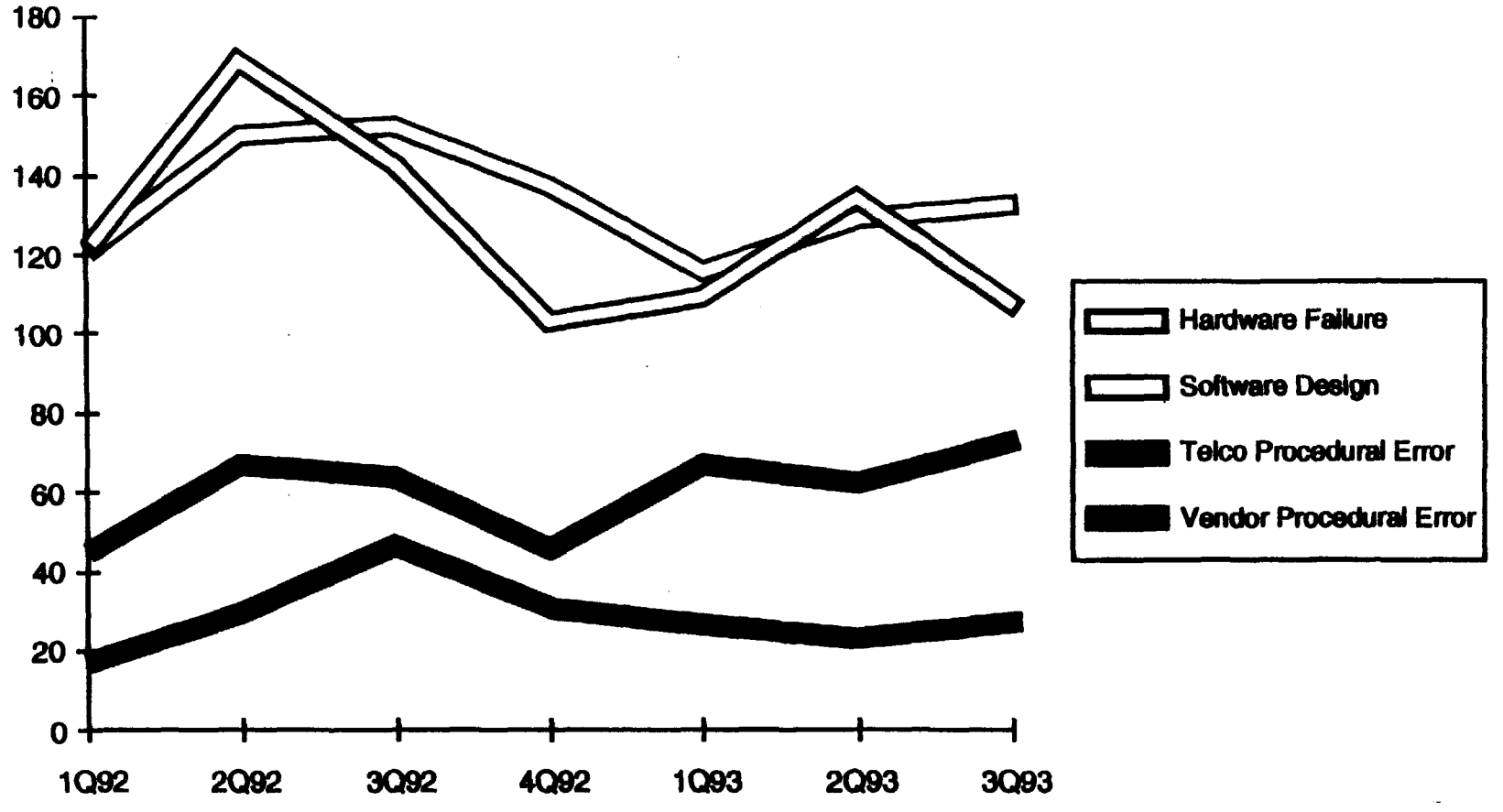
Variations In Service Quality Between Urban and Rural Areas



RBOC EMPLOYMENT

Carrier	Layoffs Since 1990	Planned Layoffs 1994-1997
Ameritech	4,800	10,000
Bell Atlantic	6,000	0
BellSouth	4,250	10,200
NYNEX	1,900	22,000
Pacific Bell	14,000	10,000
Southwestern Bell	3,860	1,500
U S West	0	9,000
Total:	34,810	62,700

PREDOMINANT CAUSES OF UNSCHEDULED LOCAL SWITCH DOWNTIME



LEC EXPERIENCE WITH LOCAL SWITCH OUTAGES

A. Events/Million Access Lines
(Ranked from fewest to most)

1st Quarter 93	2nd Quarter 93	3rd Quarter 93
Pacific Telesis (0.41)	Bell Atlantic (0.94)	Pacific Telesis (0.55)
Bell Atlantic	Pacific Telesis	Bell Atlantic
U S West	NYNEX	U S West
NYNEX	Ameritech	Ameritech
Ameritech	SW Bell	NYNEX
SW Bell	BellSouth	SW Bell
GTE	U S West	BellSouth
BellSouth	GTE	GTE
Contel	United	United
United (14.47)	Contel (18.25)	Contel (25.86)

LEC EXPERIENCE WITH LOCAL SWITCH OUTAGES

B. Average Duration
(Ranked from shortest to longest)

1st Quarter 93	2nd Quarter 93	3rd Quarter 93
Pacific Telesis	Pacific Telesis	BellSouth
BellSouth	Bell Atlantic	Bell Atlantic
Bell Atlantic	Ameritech	Ameritech
SW Bell	BellSouth	SW Bell
Ameritech	SW Bell	NYNEX
U S West	GTE	GTE
NYNEX	NYNEX	U S West
United	United	Contel
GTE	Contel	United
Contel	U S West	Pacific Telesis